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MODEL SIMPLIFIED EMPLOYEE PENSION PLAN

The following document is a model simplified employee pension plan. At the end of a document is a sample salary reduction simplified employee plan, which is a SEP with a salary reduction feature tacked on. You can modify this form to meet your specific circumstances. Of course, if you intend to use this plan, you should make sure that your attorney reviews it and approves any changes you make.

Sample:

TABLE OF CONTENTS

Article

- I. Purpose**
 - II. Definitions and Construction**
 - Definitions
 - Principal Entities
 - Determination of Contribution and Other Definitions
 - Construction
 - III. Participation and Notifications**
 - Participation
 - Notifications
 - IV. Contributions**
 - Contributions by Participants
 - Excess Contributions
 - Maximum Employer Contributions
 - V. Benefits**
 - VI. Administration**
 - Fiduciary Responsibility
 - Appointment of Committee
 - Claims Procedure
 - Records and Reports
 - Other Committee Powers and Duties
 - Rules and Decisions
 - Notifications and Forms
 - Indemnification of the Committee
 - VII. Employer Rights**
 - Nonguarantee of Employment
 - Action by Employer
 - Choice of Simplified Employee Pension
 - Amendments
 - Successor Employer
 - Right to Terminate
- Appendix A
SEP allowing Salary Reduction

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Article I. Purpose

Effective as of [date plan goes into effect], to enable eligible employees to establish individual retirement accounts or individual retirement annuities [company name] (the "Employer") decided to adopt the Simplified Employee Pension Plan for Employees of [company name] (the "Plan"). The Plan is intended to meet the requirements of Section 408(k) of the Internal Revenue Code of 1986 (the "Code") as from time to time amended.

The provisions of the Plan, as set forth herein, shall only apply to an eligible employee who is in the active employ of the Employer on or after [date of eligibility].

Article II. Definitions and Construction

2.1 Definitions: Where the following words and phrases appear in this Plan, they shall have the respective meanings set forth in this Article, unless the context clearly indicates to the contrary.

2.2 Principal Entities:

(a) *Plan:* The Simplified Employee Pension Plan for Employees for [company name], the Plan set forth herein, as amended from time to time.

(b) *Simplified Employee Pension:* The retirement savings vehicle chosen by a Participant for deposit of contributions made hereunder by the Employer. Such retirement savings vehicle may only be either an approved Individual Retirement Account under Section 408(a) of the Code or an approved Individual Retirement Annuity under Section 408(b) of the Code.

(c) *Employer:* [company name], a [legal status (i.e., a corporation)] organized and existing under the laws of the State of [name of state], or its successor or successors.

(d) *Committee:* The person or persons appointed pursuant to Article VI to assist the Employer with Plan Administration in accordance with said Article.

(e) *Employee:* Any person who, on or after the Effective Date, is receiving remuneration for personal services rendered to the Employer.

(f) *Participant:* An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(g) *Fiduciaries:* The Employer and the Committee, but only with respect to the specific responsibilities of each for Plan administration, all as described in Section 6.1.

2.3 Determination of Contribution and Other Definitions:

(a) *Participation:* The period or periods during which an Employee participates in this Plan as determined in accordance with Section 3.1.

(b) *Compensation:* The total of all amounts paid to a Participant for a given Year by the Employer for personal services and reported as wages for purposes of federal income tax withholding on Form W-2, or substitute, less (1) amounts paid while covered by a collective bargaining agreement which does not provide for inclusion hereunder, (2) the cost of providing group term life insurance in excess of the statutory amount, (3) reimbursed moving expenses, (4) any other amount required to be reported on Form W-2 which is not direct compensation for

services performed and (5) amounts in excess of \$200,000.

(c) *Effective Date*: [The effective date], the date on which the provisions of this Plan became effective.

(d) *Year*: The 12-month period commencing on January 1 and ending on December 31.

(e) *Code*: The Internal Revenue Code of 1986, as amended from time to time.

2.4 Construction: The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular provision, Section or Article. Article and Section headings are for convenience of reference and not intended to add to or subtract from the terms of this Plan.

Article III. Participation and Notifications

Sample Preview